202301UECM1404OE4b

Start again

Review of preview

Started on	Tuesday, 25 April 2023, 08:59 PM
Completed on	Tuesday, 25 April 2023, 08:59 PM
Time taken	11 secs
Grade	**0** out of a maximum of 10 (**0**%)

1
Marks: 1

The one-year spot rate is 6.8%. A two year 900 bond maturing at par, with 5% annual coupon, is currently selling for its par value. Detrmine the two-year spot rate. ______

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 0.053201
Marks for this submission: 0/1.

2
Marks: 1

You are given the following information about two bonds that will mature in 4-years at par:

	Bond A	Bond B
Par value	950	1100
Annual coupon rate	4%	2%
Price	633.0	770.0

Determine the 4-year spot rate. ______

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 0.080495
Marks for this submission: 0/1.

3
Marks: 1

The following are the prices of 100 zero-coupon bonds redeemable at par:

Term to Maturity	Price
1	94.52
2	88.35
3	83.63
4	78.02

Determine the one-year forward rate deferred 3 years. ______

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 0.071838

Marks for this submission: 0/1.

4
Marks: 1

A perpetuity-immediate has annual payments of 1.11, 1.11^2, 1.11^3,.... Determine the duration of this perpetuity at an effective rate of 22%. ______

Answer:

Make comment or override grade

Incorrect
Correct answer: 11.090909
Marks for this submission: 0/1.

5
Marks: 1

A company makes a loan and receives level annual repayments from the borrowers at the end of each year for 11 years. The effective rate of interest is 6.78%. What is the modified duration of the loan repayments? ______

Answer:

Make comment or override grade

Incorrect
Correct answer: 5.009988
Marks for this submission: 0/1.

6
Marks: 1

A company must make payments of 100 annually in the form of a 14-year annuity-immediate. It plans to buy two zero coupon bonds to fund these payments. The first bond matures in 2 years and the second bond matures in 9 years, and both are purchased to yield 12% effective. What face amount of 9-year bond should the company buy in order to be immunized from small changes in the interest rate? ______

Answer:

Make comment or override grade

Incorrect
Correct answer: 979.827221
Marks for this submission: 0/1.

7
Marks: 1

An investment account has 0 in it on January 1 and 7000 of new principal deposited. On April 1, the value of the account has increased to 7,700 and an additional deposit of 2870.0 is made. On September 1, the value has increased to 9,240 and 2380.0 is withdrawn. On the following January 1, the investment account is worth 9,100. what is the time-weighted rates of interest for the year? ______

Answer:

Make comment or override grade

Incorrect
Correct answer: 0.2756
Marks for this submission: 0/1.

8
Marks: 1

Payments of 4,000 are invested at the beginning of each year for 15 years. The payments earn interest at 8% effective and the interest can be reinvested at 6% effective. Find the purchase price an investor should pay to produce a yield rate of 9% effective. ______

Answer:

Make comment or override grade

Incorrect
Correct answer: 30634.785818
Marks for this submission: 0/1.

9
Marks: 2

Click the following link to answer the questions:
https://docs.google.com/forms/d/e/1FAIpQLSeNzks-kO725Enx8mvy7UpauhL1XJuyFber2Lv_dI4i0ykcKA/viewform?usp=sf_link
Then answer 1 here after submitting the form.
[Note: In order to enter the google form, you must make sure that you login to UTAR acccount. If you see "You need permission", this means that your are not login to UTAR account, switch to UTAR account] ______

Answer:

✗

Make comment or override grade

Incorrect
Correct answer: 1
Marks for this submission: 0/2.